



Staff Report

RESOLUTION AUTHORIZING AN AGREEMENT WITH MAZE & ASSOCIATES FOR AUDITING SERVICES

Honorable Mayor and Council Members:

Summary

Pursuant to federal regulations, state and local statutes and various bond covenants, the City is required to be audited annually by a certified public accounting firm. Maze & Associates, hereinafter referred to as Maze, has been fulfilling that requirement for the City. The contract with Maze requires renewal. The Finance Commission, acting as the City's Audit Committee, has accepted Maze's proposal to perform the required work for an additional five year term. Approval of the attached resolution will authorize an agreement for auditing services.

Background

Since 1998, Maze has served as the City's auditors and has carried out their duties in a professional and timely manner. During this period of time, the City and its related agencies have been subject to implementing a number of new and significant accounting pronouncements, such as GASB 34 (Reporting Model) and GASB 45 (Post Employment Benefits); Maze has performed well in providing guidance and advising the City on best practices for converting our systems and procedures with regard to these matters. Maze has also been able to complete their required attestation functions and met the demands of the City's accelerated publishing schedule for the Comprehensive Annual Financial Report (CAFR) and other related financial statements in October.

Discussion

In accepting Maze's proposal for audit services, the Finance Commission at their January 5th meeting gave significant weight to the value of retaining a skilled audit firm, with a well-grounded depth of knowledge of their field of expertise and a history of successful results. While considering the matter of auditor rotation, the Finance Commission considered the benefits and drawbacks to changing auditors. In light of the consolidation of municipal audit firms, the unlikelihood that the City would get improved services with another firm and the performance record of Maze, the Finance Commission found no compelling reason to change audit firms at this time. However, as a best practice, and as part of the annual audit planning function the City's Audit Committee would review partner rotation and make rotations to ensure the same high-level of service of the auditors was continued.

Fiscal Impact

The new professional services agreement with Maze is for five years with an option for the City of Belmont to extend annually for two additional two-year periods. Maze will perform the recurring audit work at the rates for 2005 increased each year by the annual rate of inflation pursuant to the Bay Area Consumers Price Index for Services.

The fees proposed by Maze & Associates are as follows:

	2006	2007	2008	2009	2010
Fee Proposed	\$93,537	\$96,342	\$99,229	\$102,203	\$105,266
Less discount for continuing services	(\$ 5,000)				
Fee Proposed	\$88,537	\$96,342	\$99,229	\$102,203	\$105,266

Audit fees for South San Mateo Police Authority, Fire Net 6, and South County Fire Protection Authority will be charged to those entities and will not be borne by the City of Belmont. Fees for the City and Redevelopment Agency are charged to the Finance operating budget and are subject to Council appropriation.

There is sufficient funding authority in the FY 2006 Budget to authorize the agreement.

Public Contact

Posting of City Council agenda, and the Finance Commission has received this report and has been briefed by Cory Biggs, partner at Maze & Associates.

Recommendation

It is recommended that the City Council approve the attached resolution authorizing approval of a professional services agreement with Maze & Associates for auditing services.

Alternatives

With direction, seek an alternative auditing services provider.

Attachments

- A. Implementing resolution
- B. Scope of Services

Respectfully submitted,

Thomas Fil
Finance Director

Jack R. Crist
Interim City Manager

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH
MAZE & ASSOCIATES FOR AUDITING SERVICES.**

WHEREAS, the City of Belmont is required by federal, state, and local statutes to have an annual audit performed of its books and records; and

WHEREAS, the City of Belmont is obligated under bond covenants to have an annual audit of its financial statements performed by a certified public accountant; and

WHEREAS, Maze & Associates has performed such services in a proficient and timely manner; and

WHEREAS, staff recommends a contract with Maze & Associates to provide continuing auditing services.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont authorizes the City Manager to execute an agreement for professional services, in a form approved by the City Attorney, engaging Maze & Associates to provide auditing services for up to five years with an option for the City of Belmont to extend annually for two additional two year periods at the initial fee of \$88,537.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on January 24, 2006 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont